

# HARVEY NASH GROUP PLC

## ('Harvey Nash' or 'the Group')

### Interim Management Statement

Harvey Nash, the global professional services group, today issues an Interim Management Statement covering the period from 1<sup>st</sup> February 2013 to 30<sup>th</sup> May 2013. There have been no material events or transactions in the period other than those detailed in this statement. The Group's financial year ends on 31<sup>st</sup> January 2014.

#### Current Trading

There has been no change in the Group's trading since the full year preliminary results announcement on 30 April 2013.

As expected, and stated in the preliminary announcement, the Group experienced a slower start to the first quarter of the current year as a result of the general caution in the market, weakness in Europe and the impact of seasonality on our Vietnamese and Hong Kong businesses. Notwithstanding this, the Board remains confident that the Group is on track to achieve its expectations for the full year.

Revenues were 12% ahead of the comparative period in the prior year and gross profit was 7% ahead. However, owing to the timing of Chinese New Year falling in February 2013 and the impact of client delays to projects in our German outsourcing business, operating profit was 14% below the previous year. As previously reported, actions have been implemented to align costs with revenues in that business. Elsewhere in the UK and Europe, temporary recruitment remains robust, and a slight pick-up in executive recruitment has been reported. The US market has picked up and towards the end of the quarter there were encouraging signs of gradually increasing trading momentum across the board, with the result that April's operating profit was ahead of the same period in the previous year.

#### Dividend

As set out in the preliminary statement announcement on 30<sup>th</sup> April, the Board intends to recommend an increased final dividend of 1.795 pence per share, 10% up on the prior year (2012: 1.635p). If approved at the forthcoming Annual General Meeting the final dividend, which would take total dividend payouts for the year to 2.92 pence per share (2012: 2.66p), will be paid on 12 July 2013 to shareholders on the register as at 21<sup>st</sup> June 2013. This marks the sixth successive annual increase.

#### Acquisition

As announced on 30<sup>th</sup> April 2013, the Company has exercised its option to acquire the remaining 49.9% of the issued share capital of Bjerke & Luther AS in Norway for an aggregate consideration of NOK 11.5 million (approximately £1.3 million), settled in cash and funded from the Company's existing cash resources and facilities.

#### Financial position

The Group maintains substantial headroom in its banking facilities. Increased facilities to fund future growth were secured in February bringing the total to c£52m.

#### Summary

We remain encouraged by the exit run rates of the first quarter confirming an improving trend into the second quarter and, despite continued challenging trading conditions in Europe, the Board is confident that the Group is on track to achieve its expectations for the full year.

#### 31<sup>st</sup> May 2013

#### ENQUIRIES:

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